

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE FINANCING OF PUBLIC SCHOOLS.

Prime Sponsors: Reps. Pettersen and Wilson
Senator Hill

JBC Analyst: Craig Harper
Phone: 303-866-3481
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Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/13/18.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
XXX	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Education Committee Report (04/16/18) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill.

The Legislative Council Staff Fiscal Note (Fiscal Note) assumes that appropriations to reduce the budget stabilization factor by \$150.0 million in FY 2018-19 will be entirely from the General Fund. However, in alignment with the FY 2018-19 budget package proposed by the Joint Budget Committee, the amendment discussed below appropriates \$119.3 million General Fund and \$30.7 million cash funds from the State Public School Fund to allow for the \$150.0 million reduction in the budget stabilization factor.

The Fiscal Note does not include an adjustment for Hold-harmless Full-day Kindergarten Funding associated with the bill's reduction in the budget stabilization factor. However, Legislative Council Staff and JBC Staff agree that the bill requires an increase of \$191,043 cash funds from the State Education Fund to align appropriations for Hold-harmless Full-day Kindergarten Funding with the level of total program funding established in the bill.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to add a provision appropriating a total of \$184,343,039 to the Department of Education for FY 2018-19, as outlined in the following table. The amendment also amends a footnote in the FY 2018-19 Long Bill that specifies what portion of the appropriation for districts' total program funding may be used for the Accelerating Students Through Concurrent Enrollment (ASCENT) Program. The bill increases per pupil funding and requires an adjustment to the amount dedicated to ASCENT.

Amendment J.001: FY 2018-19 Appropriations to Department of Education		
Purpose	Amount	Fund Source
<i>Section 9: Appropriations for State Share of Districts' Total Program Funding for Budget Stabilization Factor Reduction</i>		
State Share of Districts' Total Program Funding	\$119,276,209	General Fund
State Share of Districts' Total Program Funding	30,723,791	Cash Funds - State Public School Fund
<i>Section 11: Appropriation to Align Hold-harmless Full-day Kindergarten Funding with Increase in Total Program Funding</i>		
Hold-harmless Full-day Kindergarten Funding	\$191,043	Cash Funds - State Education Fund
<i>Section 12: Appropriation for Additional Funding for Rural Schools</i>		
Additional Funding for Rural Schools	\$30,000,000	Cash Funds - State Education Fund
<i>Section 13: Appropriation for State Share of Districts' Total Program Funding to Support Additional ECARE Slots</i>		
(a) State Share of Districts' Total Program Funding (for additional ECARE slots)	\$4,151,996	General Fund
Totals	<u>\$184,343,039</u>	Total Funds
	123,428,205	General Fund
	30,723,791	Cash Funds - State Public School Fund
	30,191,043	Cash Funds - State Education Fund

Points to Consider

General Fund Impact

The Joint Budget Committee (JBC) has proposed a budget package for FY 2018-19 based on the
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HB18-1379

JBC Staff Analysis

March 2018 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package leaves approximately \$40.8 million General Fund unallocated for FY 2018-19.

1. The JBC has included as part of its FY 2018-19 budget package a \$119,276,209 General Fund appropriation for FY 2018-19 as part of this bill's \$150.0 million reduction to the budget stabilization factor. However, this bill requires a General Fund appropriation of \$4,151,996 that was not anticipated in the JBC's budget package, reducing the excess General Fund reserve by \$4,421,876.
2. This bill requires the transfer of any FY 2017-18 General Fund balance in excess of the statutory reserve to the State Education Fund. The Fiscal Note estimates a transfer of \$171.8 million based on the March 2018 Legislative Council Staff revenue forecast. However, the proposed budget package is based on the OSPB revenue forecast, and under the OSPB forecast this bill would require a transfer of \$481.6 million from the General Fund to the State Education Fund. As the budget package anticipates that this amount will be available for appropriation for FY 2018-19, such a transfer would reduce the excess General Fund reserve for FY 2018-19 by the same amount.

This bill is thus anticipated to: (a) eliminate the \$40.8 million excess General Fund reserve for FY 2018-19; and (b) require other General Fund appropriations for existing programs to be reduced by \$418.0 million in order to maintain a 6.5 percent statutory General Fund reserve for FY 2018-19.